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REAGAN DEALS WITH ONE JOB, FACES PROBLEM ON ANOTHER  
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WASHINGTON

President Reagan recruited former Sen. Howard Baker as his new chief of staff on Friday as he bid to rebuild an administration badly damaged by the Iran-Contra affair.

Baker replaced Donald Regan, who quit after weeks of pressure and a day after a critical report by the Tower commission. In Congress, Reagan's nominee to become head of the CIA was apparently in trouble, another potential casualty.

Even before the White House announcement late Friday afternoon, word of the replacement of Regan by the popular Baker spread from Capitol Hill. Baker said later at a news conference that in accepting the job he was ending his efforts to win the Republican presidential nomination in 1988.

Earlier in the day, Republican congressional leaders had met at the White House with Reagan, saying afterward that the commission's sharp criticism of the president's arms-length management style had left him with a new awareness that he must take charge more aggressively.

Regan's departure had been rumored for weeks, for reasons ranging from his handling of the aftermath of the Iran-Contra disclosures to reported disagreements with first lady Nancy Reagan.

Sen. Bob Dole, R-Kan., who replaced Baker as Senate Republican leader when Baker left in 1984 to pursue the presidency, called the Tennessean "the right man at the right time at this critical period for the White House." Others on Capitol Hill said the appointment was a wise move at a time when congressional unhappiness about the White House handling of the Iran-Contra affair was rising.

Sen. Patrick Leahy, D-Vt., said earlier in the day that his informal survey of 20 or 30 senators indicated Reagan's nomination of Robert Gates to be CIA director was "in deep trouble" because "a lot of senators feel they've been lied to by this administration in this whole Iran affair and Gates will pay the price." And Dole said he had told Reagan concerning Gates, "I think if there's an early vote he's in trouble." Reagan has yet to comment on the report and was said by Dole to be one-quarter of the way through it.

However, Vice President George Bush did comment Friday in a speech in Bedford, Mass., noting that the Tower report said the Iran arms dealing was meant to win the freedom of Mideast hostages. Bush said, "arms for hostages is wrong, and at this stage the implementation of the policy failed. It failed the American people and it failed the president." At the White House, presidential spokesman Marlin Fitzwater said, "The president is rightfully angry about the mismanagement described in this report and he intends to take action as soon as possible. ... I would say he is determined and eager to set the administration back on course." Sen. Alan K. Simpson of Wyoming, the assistant Republican leader of the Senate, said after the meeting with Reagan that the president had a "sense of acceptance and reality and pragmatism" concerning the report.

Simpson said this had not been the case before, and he added, "There was not a defensiveness, there was not a willingness to scapegoat, to shift off the blame and the responsibility." Rep. Richard Cheney, R-Wyo., vice chairman of the House committee that will investigate the Iran-Contra affair, said, "I think the president has a much more realistic view of what went wrong now" than when the GOP leaders had talked to him before.

"He wants to move forward," said Dole. "I think the president feels there may be a perception out there by some that he is not in charge." Two prime candidates as Regan's successor, former Sen. Paul Laxalt, R-Nev., and former Transportation Secretary Drew Lewis, declined the chief of staff position before Baker accepted it.

The Tower board, in its report, rejected Reagan's oft-stated assertion that the overriding principal of selling arms to Tehran was to make contacts with moderate political elements in Iran.

It blamed the president for not controlling National Security Council aides in Iran-Contras activities. And it also said Regan and others had not served the president well.

Former Republican Sen. John Tower of Texas, the commission chairman, told reporters that "you can say the president holds himself a little bit too aloof from the implementation of policy." In other Iran-Contras developments on Friday:

Investigators from the independent counsel's office interviewed conservative fund-raiser Carl "Spitz" Channell, the head of a network of foundations and political committees whose ties to fired NSC aide Oliver North have been under scrutiny, said a source who spoke on condition of anonymity. A diagram from North's safe that was included in the Tower commission report linked Channell's organizations to North's private Contra aid network.

Congressional committees worked to build upon the Tower report and resolve some of its unanswered questions about what happened to millions of dollars of so-far untraceable arms sale profits. The special Senate investigating panel sent an investigator to Denmark and one to another, unspecified foreign country.

Denmark is the country of registry for a ship controlled by North which the commission report said apparently was used to carry out a series of weapons deliveries to the Contras through two Central American countries.

A CIA spokesman denied an ABC News story, aired Wednesday night, that said that in recent years then-CIA Director William J. Casey had run an operation outside normal channels seeking South African military assistance for the Contras. Neither Casey nor another CIA officer mentioned in the story solicited such assistance from the South Africans," said CIA spokesman George Lauder, who called the ABC story a "fictionalized account."